

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

Voluntary - Public

Clearance Office: All - FAS

Date: 5/8/2009

GAIN Report Number: IN9064

India

Post: New Delhi

Weekly Highlights and Hot Bites No. 19

Report Categories:

Agriculture in the News

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Report Highlights:

Mango export may fall on low output, *Wheat buy by FCI tops 20 million tons*, *To stop price rise, government steps in with sugar imports*, *Leather exports to miss target as demand slows*, *Private labels give big brands a run for money*, *Oilmeal exports drop 64 percent in April*, *MAHYCO not averse to labeling of Bt Brinjal*, *Government allows exports of 1 million tons of non-basmati rice*.

General Information:

Welcome to Hot Bites from India, a weekly summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within India, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

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MANGO EXPORT MAY FALL ON LOW OUTPUT

Mango production may decline by 20 percent due to damage suffered by the crop this year. Initial estimates by the Agricultural Ministry suggested a 10 percent drop in crop output. However, last week's pest attacks further dampened the situation. The majority of the major mango growing states of Maharashtra, Gujarat, Uttar Pradesh and West Bengal reported a significant drop in mango production due to unfavorable climatic conditions. According to the industry estimates, India produced around 11.9 million tons of mangoes in IFY 2007/08. The current year's crop is estimated to be little over 10 million tons. In addition to lower production, global recession is also likely to bring down the exports of mangoes this year. (Source: The Business Standard, 05/06/09)

WHEAT BUY BY FCI TOPS 20 MILLION TONS

Wheat procurement by the Food Corporation of India (FCI) and state agencies for the ongoing *rabi* marketing season (April-June) has crossed the limit of 20 million tons. According to Government agencies, around 20.36 million tons of grain was procured this year compared to 16.39 million tons during the corresponding period last year. Nonetheless, the pace of procurement has slowed down considerably, with daily purchases of 155,000 tons as against 425,000 tons last year. This time, there have been a lot of early harvests; as a result much of the crop has already been marketed. At the current rate of procurement, it appears that the final procurement will fall short of last year's all-time record of 22.69 million tons. (Source: The Business Line, 05/05/09)

TO STOP PRICE RISE, GOVERNMENT STEPS IN WITH SUGAR IMPORTS

Ships carrying sugar will head towards Indian ports starting May 15, a move that will hopefully ensure control over soaring domestic prices. The Consumer Affairs Ministry submitted a report to the Prime Minister's Office last week, pointing to the fact that there is no sugar shortage and that the higher prices were possibly due to hoarding practices. Sugar is a freely traded commodity and the latest control measures reflect the government's high level concern regarding rising prices of the commodity. The government has asked excise authorities to conduct surprise raids and has also initiated temporary licensing to govern sugar activity for four months. Wholesalers will also not be allowed to hold more than 200 tons of stocks beyond 30 days. (Source: The Hindustan Times, 05/02/09)

LEATHER EXPORTS TO MISS TARGET AS DEMAND SLOWS

India's leather export may miss the 2008/09 target of USD four billion due to the slowdown in demand during the last quarter. However, the Council of Leather Exports is trying to convert the global meltdown as an opportunity to enhance India's market share in existing markets and explore opportunities. According to the latest data, export of leather and leather products during April to December 2008, were eight percent higher at \$2788.6 million compared to \$2574.05 million during the same period last year. The CLE is planning aggressive marketing strategies including group participation of member exporters in international leather fairs along with participation in the buyer-seller meets in various countries. Furthermore, the CLE will also organize important fairs in India. (Source: The Financial Express, 05/06/09)

PRIVATE LABELS GIVE BIG BRANDS A RUN FOR MONEY

Private labels are turning out to be strong contenders to top brands as retailers show up with market leading in-store sales figures. For instance, Aditya Birla's retail arm 'More', private label brand Feaster's outsells iconic instant noodles brand Maggie across many zones. According to the retailer, sales of non-aerated fruit drinks and squash category under their private label is also higher than the existing benchmark leaders in this category. Currently, the retailer sees its private labels accounting about five percent of the total revenues but expects this to jump to 15-20 percent soon. The RPG's Group Spencer's retail also expects private labels accounting for 25 percent of its revenues over the next two years from 10 percent at present. Private labels are priced 15 percent lower than their branded counterparts, offering the retailer an incremental margin over the earnings from a national FMCG brand. (Source: The Economic Times, 05/05/09)

OILMEAL EXPORTS DROP 64 PERCENT IN APRIL

A decline in meat production in Europe, the U.S. and other countries and slow down in the poultry industry, mainly in Brazil, resulted in oilmeal exports dropping 64 percent in April. Besides this some of the Asian countries suffered from crisis in the livestock industry, leading to lower consumption of soy meal and other oilmeals. Failure of the soybean crop in South America resulted in decline in world supplies by 15 million tons during the current season, thereby prompting soy meal prices to firm up by \$100 per ton since January, 2009. According to the Solvent Extractors' Association of India, oilmeal exports in April dropped to 231,000 tons as compared to 646,000 tons during the same period last year. Soy and rapeseed meal exports during April stood at 100,106 and 102,187 tons respectively as compared to 224,639 and 83,041 tons exported during last year. (Source: Business Line, 05/07/2009)

MAHYCO NOT AVERSE TO LABELING OF Bt BRINJAL

Seed Company Mahyco has said it is not averse to go in for labeling of Bt brinjal should the law of land requires it. Anti- GM food activists have been demanding that there should be a legislation mandating labeling of the agricultural produce telling the consumers whether it is a GM product or not. (Source: Business Line, 05/07/2009)

GOVERNMENT ALLOWS EXPORTS OF 1 MILLION TONS OF NON-BASMATI RICE

The government on May 06, allowed export of 1 million tons of non-basmati rice to 21 African nations through public sector trading firms. The Director General of Foreign Trade, which issued the notification, said the rice to be exported shall have at least 25 percent broken grains. The shipment will have to be completed by September. State-run MMTC, STC and PEC have been authorized to export the rice, with each firm allocated with specific quantity and countries. The government on April 2008 had imposed a ban on the export of non-basmati rice to ensure sufficient availability of the grain in the domestic market. According to official data, India is estimated to have produced a record 98.89 million tons of rice in 2008-09 season against 96.69 million tons in the previous season. (Source: Business Standard, 05/07/2009)

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